

Message Text

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11
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 SAM-01 TRSE-00 OMB-01 /076 W
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R 180845Z AUG 76
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 5633
INFO AMEMBASSY MADRID
AMEMBASSY CAIRO
AMCONSUL DHAHRAN

LIMITED OFFICIAL USE JIDDA 5685

E.O. 11652: N/A
TAGS: EFIN, EAID, SA, SP
SUBJECT: POSSIBLE SAUDI LOAN FOR SPAIN

REF (A) MADRID 6271, (B) USINFO WASHDC P 161736Z AUG 76

1. SAUDI ARABIA OFFICIALS RESPONSIBLE FOR FINANCIAL AND ECONOMIC DEVELOPMENT POLICIES ARE BEGINNING TO HAVE RE-SOURCE MANAGEMENT PROBLEMS-THE TASKS ARE RUNNING AHEAD OF THE FUNDS. PLANNING MINISTER STATED IN WASHINGTON ON AUGUST 14 (REF B) THAT SAUDI FINANCIAL ASSISTANCE, WHICH HAD BEEN RUNNING AT ANNUAL RATE OF \$4 BILLION, WAS TO DROP.

2. WHILE MINISTER DID NOT SPECIFY WHICH COUNTRIES OR AREAS MIGHT SEE LESS SAUDI GENEROSITY, ONE COULD SPECULATE THAT HE HAD ASIA, FAR EAST AND AFRICA IN MIND. SAUDIS HAVE BEEN SYMPATHETIC (AND RESPONSIVE) TOWARD SOME CORELIGIONARIES IN THOSE AREAS AND COLD WARRIORS-- SOUTH KOREA AND TAIWAN. RECENTLY, SAG IN VAGUE WAY HAS HINTED TO EMBASSY AT SOMETHING SUGGESTING AID SHARING WITH USG (E.G., IN ORDER TO AVOID DUPLICATION AND SPREAD
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THE BURDEN--ONE COULD EVEN VISUALIZE A TRADE-OFF AMONG

CLIENTS).

3. SAUDI AID TO OTHERS, ESPECIALLY ARABS, MIGHT BE DESCRIBED AS GENERIOUS, BUT THEY ARE HEARING COMPLAINTS FROM THE RECIPIENTS WHO WANT "MORE, MUCH MORE." EGYPTIAN LEADERS MOAN PUBLICLY ABOUT THE FACT THAT RECENT SAUDI-GULF STATES EFFORTS RESULTING IN \$2 BILLION FOR EGYPT WERE "STINGY," THAT \$12 BILLION WOULD HAVE BEEN MORE APPROPRIATE. SUCH APPETITES GIVE THE SAUDIS PAUSE AND ARE DEVELOPING WITHIN THEM A SOMEWHAT SKEPTICAL ATTITUDE TOWARD APPLICANTS. HOWEVER, SPAIN SHOULD OFFER A MUCH BETTER PROSPECT FOR REPAYMENT THAN EGYPT AND SAUDIS WOULD NOT OVERLOOK THAT FACT. PORTER

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